

February 2001



# North Dakota REV-E-NEWS

**From Rod Backman, Director  
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January was a good month for revenue collections as a result of strong individual income tax and oil tax collections. Collections in January were \$7.8 million ahead of the legislative forecast, which brings biennium-to-date collections to \$36.9 million ahead of the original projections.

Economy.com, Inc. believes that real gross domestic product (GDP) growth could fall in the current quarter, making it the first down quarter in eight years. The fundamental problems with the nation's economy are surging energy prices and plunging stock prices. While the nation's economy is clearly

struggling and recession risks are high, Economy.com, Inc. expects the nation to avoid a recession based on their view that factors weighing on the economy will soon abate.

The 2001 legislative forecast will be presented to the Legislature on March 7, 2001. Steve Cochrane from Economy.com, Inc. will be presenting information about North Dakota's economy and will answer questions regarding assumptions on which the revenue forecast is based.

## Oil Activity

North Dakota has 12 rigs operating in the state compared to 8 one year ago. The current price of oil is about \$23 per barrel.

Oil production in December averaged 87,747 barrels per day which was roughly the same as November's production. Cedar Hills unitization is expected to be finalized by April 1, 2001. Unitization will lift production

restrictions, which will add 1,000 barrels per day immediately to production.

Comments or Questions???

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# Revenue Variances

Sales tax revenues for January fell below the original legislative forecast by \$4.4 million. However, compared to the executive forecast prepared in December, sales tax revenues were ahead of the January projections by \$3.7 million. January sales tax collections reflect the recent Christmas sales in North Dakota.

Motor vehicle excise tax collections show a monthly shortfall of \$1 million. However, the collections of \$3.5 million shown in this report are only an estimate. The Department of Transportation is still in the process of converting to a new processing system and has been unable to process all the collections.

Individual income tax collections in January were strong and exceeded the legislative forecast by \$7.3 million or 27.9 percent. Collections were strong due to estimated payments and withholdings. Biennium-to-date collections are now \$21.1 million or 7.3 percent ahead of projections.

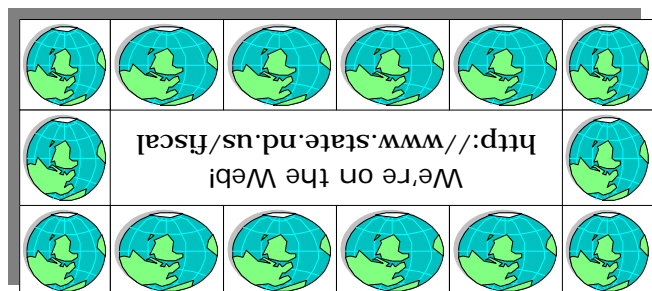
Corporate income tax collections exceeded

projections by \$192,581 in January. Biennium-to-date collections are now \$16.2 million or 20.4 percent behind projections.

Biennium-to-date collections for insurance premium tax collections are \$2.3 million or 9.3 percent ahead of projections, while financial institutions tax collections are \$265,578 or 9.6 percent behind projections.

Departmental collections exceeded projections by \$1.7 million or 61.5 percent. Part of this is due to timing – December collections were short – and part of this is due to increased collections in the Office of the Securities Commissioner. Biennium-to-date collections are now \$2.6 million or 8.4 percent ahead of projections.

Oil and gas production tax collections were \$2.1 million ahead of the original monthly projection and oil extraction tax collections were nearly \$1 million ahead of projections. Oil tax collections combined are \$29.6 million ahead of the biennium-to-date legislative forecast.



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